

Mansoura University
Faculty of Commerce
English Section Program
Instructor: Dr. Marwa Hassaan



Midterm Exam
2nd Semester 2012/2013
2nd Year
Duration: 1 hour
Total marks: 5 marks

Course Title: Corporations

امتحان منتصف الفصل الدراسي الثاني - محاسبة شركات || (شركات مساهمة)
الاجابة مكتوبة من ورقتين

Instructions:

- The examination paper consists of 4 questions.
- Students are not allowed to exchange calculators or stationery.
- To receive full credit, show any necessary calculation on the exam paper.

Question 1 (1mark)

The corporate charter of Dewee Corporation allows the issuance of a maximum of 6,000,000 shares of \$1 par value common stock. During its first three years of operation, Dewee issued 4,400,000 shares at \$15 per share. It later acquired 60,000 of these shares as treasury stock for \$25 per share.

Instructions

Based on the above information, complete the following:

- (a) The number of shares authorized...
- (b) The number of shares issued...
- (c) The number of shares outstanding...
- (d) The balance of the Common Stock account is...
- (e) The balance of the Treasury Stock account is...

Question 2 (1.5 marks)

- (a) On January 1, 2012, Lowe Corporation had \$2,000,000 of common stock outstanding that was issued at par. It also had retained earnings of \$1,500,000. The Company issued 80,000 shares of common stock at par on July 1 and earned net income of \$800,000 for the year.

Instructions

Journalize the declaration of a 15% stock dividend on December 10, 2012 assuming that the par value is \$10, and market value is \$18.

- (b) The following financial information is available for Ortiz Corporation.

Average common stockholders' equity \$1,800,000
Dividends paid to common stockholders 100,000
Dividends paid to preferred stockholders 40,000
Net income 400,000
Market price of common stock 20

The weighted average number of shares of common stock outstanding was 160,000.

Instructions

Calculate earnings per share and return on common stockholders' equity for the year.

Question 3 (1 mark)

On January 1, 2012, Fox Corporation had retained earnings of \$1,100,000. During the year, the Fox Corporation had the following selected transactions.

1. Declared cash dividends \$240,000.
2. Corrected overstatement of 2011 net income because of building depreciation error \$80,000.
3. Earned net income \$700,000.
4. Declared stock dividends \$120,000.

Instructions

Prepare a retained earnings statement for the year.

Question 4 (1.5 marks)

Lorenzo Co. had the following transactions during the current period.

- (1) Issued 10,000 shares of \$5 par value common stock to attorneys in payment of a bill for \$60,000 for services provided in helping the company to incorporate.
- (2) Issued 120,000 shares of \$5 par value common stock for cash of \$750,000.
- (3) Issued 2,000 shares of \$100 par value preferred stock for cash at \$110 per share.
- (4) Purchased 4,000 shares of treasury stock for \$160,000.

Instructions

Journalize the transactions.